

Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 INR-03 NSC-05 NSCE-00 EB-03 OES-02
SP-02 PRS-01 CIAE-00 PM-03 L-01 EUR-08 /049 W
-----301213Z 030933 /20
R 292142Z DEC 76
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 6109

C O N F I D E N T I A L CARACAS 14838

LIMDIS

EO 11652: GDS
TAGS: PFOR PINS VE
SUBJ: CONVERSATIONS WITH PRESIDENT PEREZ

1. IN SEPARATE CONVERSATIONS--DURING A LUNCHEON
DECEMBER 28 WITH VP ROCKEFERRLER AND A BREAKFAST
FOLLOWING DAY WITH AMBASSADOR--PRESIDENT PEREZ COVERED
A WIDE RANGE OF TOPICS. THE FOLLOWING IS A SYNTHESIS
OF THE TWO CONVERSATIONS BY TOPIC:

2. OPEC AND INTERNATIONAL ECONOMY. CAP'S EXTENSIVE
REMARKS ON THIS SUBJECT WERE A REPRIS OF HIS SPEECHES
DURING HIS RECENT EUROPEAN TRIP. THE INDUSTRIALIZED
COUNTRIES, HE SAID, WERE UNWILLING TO GIVE UP THE
MONOPOLY OF ECONOMIC DECISION MAKING THEY ENJOYED
IN THE PAST; IN EFFECT, HE SAID, THEY REFUSE TO ADMIT
THAT THE LDC'S COULD PROGRESS TO THE POINT OF
PARTICIPATING IN DETERMINING THE RULES OF THE GAME.
ACCORDINGLY, THE DC'S REFUSED TO LISTEN TO
PROPOSALS. FOR EXAMPLE, THE INDUSTRIALIZED COUNTRIES
WERE FOOT-DRAGGING AND NIGGARDLY IN SUPPORT OF THE IADF,
HE TOLD THE AMBASSADOR, BECAUSE THEY COULD NOT COMPLETELY
CONTROL THAT FUND.

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3. A BASIC AIM OF THE LDC'S IS TO PROTECT THE PURCHASING
POWER OF THEIR PRODUCTS AND INTRODUCE SOME STABILITY INTO
PRICE TRENDS SO THAT THEY COULD PLAN THEIR DEVELOPMENT
WITH SOME PREDICTABILITY. LDC ECONOMIES COULD SIMPLY NO
LONGER BE LEFT TO THE MERCY OF THE FREE MARKET AND TO
WIDE PRICE FLUCTUATIONS. CAP PLUMPED HARD FOR THE COMMON

FUND CONCEPT, BUT DID NOT EMPHASIZE INDEXING PARTICULARLY. HE RECOGNIZED THE COMPLEXITY OF THESE PROPOSALS, HE SAID, AND THE FACT THAT THEY REQUIRED STUDY. WHAT WAS MISSING WAS ANY INDICATION THAT THE DC'S SINCERELY WANTED TO FIND ANSWERS TO THESE OBJECTIVES. HE RETURNED TO HIS THEME THAT THE DC'S SIMPLY WOULD NOT CONCEDE ANYTHING THAT CHANGED THE RULES OF THE DECISION-MAKING GAME.

4. CAP READ TO THE VICE-PRESIDENT FROM WHAT HE SAID WAS A LETTER SENT BY THE SECRETARY TO SOME INDUSTRIALIZED COUNTRIES ABOUT THE NOW-POSTPONED CIEC MEETING, WHICH HAD COME TO THE GOV'S ATTENTION, TO THE EFFECT THAT THE DC'S WOULD NOT FIND IT IN THEIR INTEREST TO PERMIT OPEC TO LINK CIEC WITH OPEC. THIS HE CHARACTERIZED AS AN EFFORT TO DIVIDE THE LDC'S AND TO SPLIT AND WEAKEN OPEC, AND HE SAID HE CONSIDERED IT "UNFAIR". HE WENT ON TO SAY THAT IT WAS UNCONSCIONABLE THAT PRESIDENT FORD SHOULD WRITE HIM A LETTER ASKING HIM TO OPPOSE OIL PRICE INCREASES, AND THEN HAVE THE U.S. STEEL COMPANIES RAISE THE PRICE OF STEEL A FEW DAYS LATER.

5. CAP REPEATED HIS THESIS THAT OPEC WAS NOT A CARTEL, AND ITS AIM WAS NOT SIMPLY TO RAISE PRICES. RATHER ITS AIM WAS TO PROTECT OIL'S PURCHASING POWER VIS-A-VIS MANUFACTURED GOODS, AND OPEC WAS A WAY TO UNIFY TO DEAL WITH THE DC'S. HE MINIMIZED THE TWO-PRICE RESULT OF THE LAST MEETING. HE TOLD THE AMBASSADOR THAT SAUDI ARABIA'S MAIN OBJECTIVE WAS TO INCREASE ITS LEVERAGE ON THE U.S. FOR A MIDDLE EAST SETTLEMENT. CAP IMPLIED

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THAT SAUDI ARABIA IN EFFECT INDICATED TO THE OPEC MINISTERS THAT IT HAD AN UNDERSTANDING WITH THE U.S., AND NOTED THAT THE FORD ADMINISTRATION AND THE PRESIDENT-ELECT HAD FELT THEY HAD TO DENY THAT THERE WAS ANY SUCH UNDERSTANDING.

6. LATIN AMERICA AND PANAMA. THE U.S., CAP SAID, DID NOT HAVE VERY MUCH TIME WITHIN WHICH TO ESTABLISH AN EFFECTIVE AND CONSTRUCTIVE RELATIONSHIP WITH LATIN AMERICA. IF IT DID NOT DO SO IN THE NEXT FEW YEARS THE ALIENATION AND RESENTMENTS WOULD BECOME VERY SERIOUS. HE CHARACTERIZED PANAMA AS THE MOST IMMEDIATE PROBLEM, AND URGED CONCLUSION OF A SATISFACTORY TREATY. HE QUOTED TORRIJOS AS SAYING THAT 1977 WOULD BE THE YEAR THE U.S. WOULD RUN OUT OF EXCUSES AND PANAMA OUT OF PATIENCE.

7. CUBA. CAP SAID HE IS CONVINCED THAT CASTRO WANTS TO NORMALIZE RELATIONS WITH THE U.S. HE TOLD THE AMBASSADOR

THAT AFTER FIDEL'S CANCELLATION OF THE HIJACKING AGREEMENT HE HAD CALLED IN THE CUBAN AMBASSADOR TO EXPRESS HIS ALARM. THE CUBAN AMBASSADOR HAD TOLD HIM THAT AFTER THE NEW U.S. ADMINISTRATION CAME IN RENEWAL OF THE HIJACKING AGREEMENT WOULD BE A GOOD WAY TO REOPEN TALKS WITH THE U.S. THE U.S. WOULD HAVE TO CURB AND ELIMINATE ANTI-CASTRO "MAFIAS" IN THE U.S.

8. USSR. CAP DESCRIBED HIS VISIT TO MOSCOW AT LENGTH AND RELATED VARIOUS ANECDOTES. HE SAID THAT HE WAS CONVINCED THAT THE SOVIETS SINCERELY WANTED TO SEE THE MIDDLE EAST PROBLEM SETTLED AND WOULD COOPERATE. HE TOLD THE AMBASSADOR HE ALSO FELT THEY SINCERELY WANTED TO REACH A SALT AGREEMENT. THE SOVIETS WERE WORRIED ABOUT DEVELOPMENTS IN EASTERN EUROPE IN THE SAME WAY THE U.S. MIGHT WORRY ABOUT THE CARIBBEAN OR LATIN AMERICA. CAP SAID HE SEVERELY CRITICIZED THE SOVIETS FOR SELLING ARMS TO PERU. CAP TOLD THE AMBASSADOR THAT HE INTENDED
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TO WRITE A DETAILED MEMORANDUM OF HIS IMPRESSIONS OF THE SOVIET LEADERS AND THEIR POLICY FOR THE BENEFIT OF THE SECRETARY AND THE PRESIDENT-ELECT.

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, PETROLEUM INDUSTRY, PFOR PINS VE, DIPLOMATIC DISCUSSIONS, PRICE CONTROLS, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 29 DEC 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976CARACA14838
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: RR
Errors: N/A
Film Number: D760476-0120
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976128/aaaaagem.tel
Line Count: 143
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 12 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 MAY 2004 by ShawDG>; APPROVED <01 SEP 2004 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CONVERSATIONS WITH PRESIDENT PEREZ
TAGS: PFOR, PINS, VE, US, OPEC, (ROCKEFELLER, NELSON A), (PEREZ, CARLOS ANDRES), (VAKY, VIRON P)
To: SECSTATE WASHDC
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006